

Message Text

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ACTION EB-07

INFO OCT-01 NEA-06 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-05

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-01 /073 W

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P 190900Z DEC 74

FM AMCONSUL CASABLANCA

TO SECSTATE WASHDC PRIORITY 3197

INFO AMEMBASSY RABAT PRIORITY

C O N F I D E N T I A L CASABLANCA 1090

E.O. 11652: GDS

TAGS: EINV, ENRG, EIND, MO

SUBJECT: MOROCCANIZATION OF OIL MARKETING

1. TEXACO-MAROC DIRECTOR GENERAL PRATHER TELLS US THAT HE IS VERY HOPEFUL FINAL AGREEMENT WITH SNPP WILL BE SIGNED SATURDAY. TERMS WORKED OUT OVER LAST TWO DAYS IN LONG NEGOTIATING SESSIONS WITH DOUEIB WHO IS TAKING THEM BACK TO MINCOMMERCE GHISSASSI FOR RATIFICATION. MOBIL NEGOTIATOR PUPOT LEFT TODAY FOR NEW YORK TO OBTAIN AUTHORITY FOR PRATHER TO SIGN.

2. DRAFT AGREEMENT CONTAINS SEVERAL MINOR POINTS REQUIRING REFERENCE TO PRINCIPALS, BUT PRATHER OPTIMISTIC THEY WILL NOT BE OBSTACLE. TEXACO SOLD AT BOOK VALUE WHICH IS LOW FIGURE; TEXACO FINANCED HEAVILY BY PARENT COMPANY LOAN. TEXACO REINVESTING PROCEEDS OF SALE (ABOUT TWO AND ONE-HALF MILLION DIRHAM) AND SNPP MAKING EQUIVALENT INVESTMENT TO DOUBLE CAPITALIZATION OF COMPANY. TEXACO OBLIGATED TO TRAIN AND APPOINT MOROCCAN GENERAL MANAGER WITHIN TWO YEARS, WHO WILL BE COMPANY MAN. PRESIDENT TO BE SNPP NOMINEE, WITH CASTING VOTE ON ALL EXCEPT SPECIFIC LIST OF RESERVED SUBJECTS ON
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WHICH VOTING 50-50. PRINCIPAL ISSUE IS DIVISION OF

POWER BETWEEN PRESIDENT AND GENERAL MANAGER.

3. TEXACO NEGOTIATORS MODERATELY PLEASED, FEEL THEY CAME OUT AS WELL AS COULD BE EXPECTED, GIVEN THEIR WEAK BARGAINING POSITION AS LOW EQUITY, NO PROFIT COMPANY. THEY PARTICULARLY AND PLEASANTLY SURPRISED BY THE FRIENDLY ATTITUDE, COMPETENCE, AND WILLINGNESS TO WORK LONG HOURS FOR SOLUTION DISPLAYED BY DOUEIB, IN CONTRAST TO HIS EARLIER PERFORMANCE. THEY ATTRIBUTE CHANGE IN LARGE MEASURE TO EFFECT OF AMBASSADOR'S TALKS WITH KING AND PALACE OFFICIALS LAST WEEK.

4. ALAOUI OF MOBIL OPTIMISTIC THEY WILL REACH FINAL AGREEMENT IN SCHEDULED FRIDAY MEETING. HE FEELS, LIKE PRATHER, THAT AMBASSADOR'S INTERCESSION WAS CRUCIAL TURNING POINT. HE MET LAST SATURDAY IN FEZ WITH BEN SOUDA, KING'S CHEF DU CABINET, AND SAYS IT IS CLEAR THAT US VOTE ON SPANISH SAHARA ISSUE AND ITS FORTUNATE TIMING WERE OF MAJOR IMPORTANCE IN CREATING CLIMATE FOR OIL SETTLEMENT.

5. ESSO IN NEGOTIATION WITH SNPP TODAY BUT RESULTS NOT YET KNOWN.

BRUBECK

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